

KINGWORLD MEDICINES GROUP LIMITED 金活醫藥集團有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 01110



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020

Healthy Life with **KINGWORLD**



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Introduction

The Environmental, Social and Governance (the “**ESG**”) Report (the “**Report**”) is prepared by the Group in accordance with the requirements of Appendix 27 Environmental, Social and Governance Reporting Guide to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (“**HKEX**”). The Report covers the period from 1 January 2020 to 31 December 2020 (the “**Reporting Period**”) and is prepared to report to the Group’s investors and other stakeholders about the effectiveness of its risk management and internal control system and procedures for the ESG activities.

The Report has been presented in two subject areas, i.e., environmental and social aspects. Each subject area involves the Group’s management strategies, objectives and relevance to its business. The impact of the Group’s implementation of the measurement of and monitoring over the ESG activities is also discussed. The Report will be presented by the principles of importance, quantification, balance and consistency.

The Group will strive to make continuous improvements in fulfilling its corporate social responsibility and commitments in the course of its business, pay more attention to issues in relation to the ESG activities and work together with all stakeholders for a healthy and win-win future.

Profile of the Group

Kingworld Medicines Group Limited (the “**Company**”) and its subsidiaries (together, the “**Group**” or “**Kingworld**”) have been committed to developing a well-established upstream and downstream supply chain system for the greater health products and services industry for the past 26 years. Currently, it has a business footprint covers more than 34 provinces and cities in China. From 2009 to 2014, the Group was among the Top 100 Import Enterprises of Pharmaceutical and Healthcare Products for six consecutive years and was named as one of the Top 5 Sales Enterprises of Chinese Patent Medicines in terms of sales in 2013. The Group was rewarded as the Guangdong Province Enterprise of Observing Contract and Valuing Credit for five consecutive years, and was also ranked among Shenzhen Top 500 Enterprises in 2018, 2019 and 2020 and continued to be recognised as a “Shenzhen Time-honoured Brand” in 2019 and “Shenzhen Famous Brand” in 2020.

The Group is a globally leading and well-known omni-channel enterprise with a complete supply chain in the greater health products and services industry in China. It also provides high-end logistics management services, business-to-customer (B2C) trading services and data services to major leading pharmaceutical and healthcare product suppliers, manufacturers and distributors, and is a pharmaceutical and healthcare product supply chain management services enterprise integrated with logistics, product and information.

The three major business segments of the Group in the greater health services industry are:

Pharmaceutical products segment: acting as an agent and distributor of high-quality and well-known pharmaceutical products from overseas, including the Nin Jiom (京都念慈菴) product series and the Taiko Seirogan (喇叭牌正露丸);

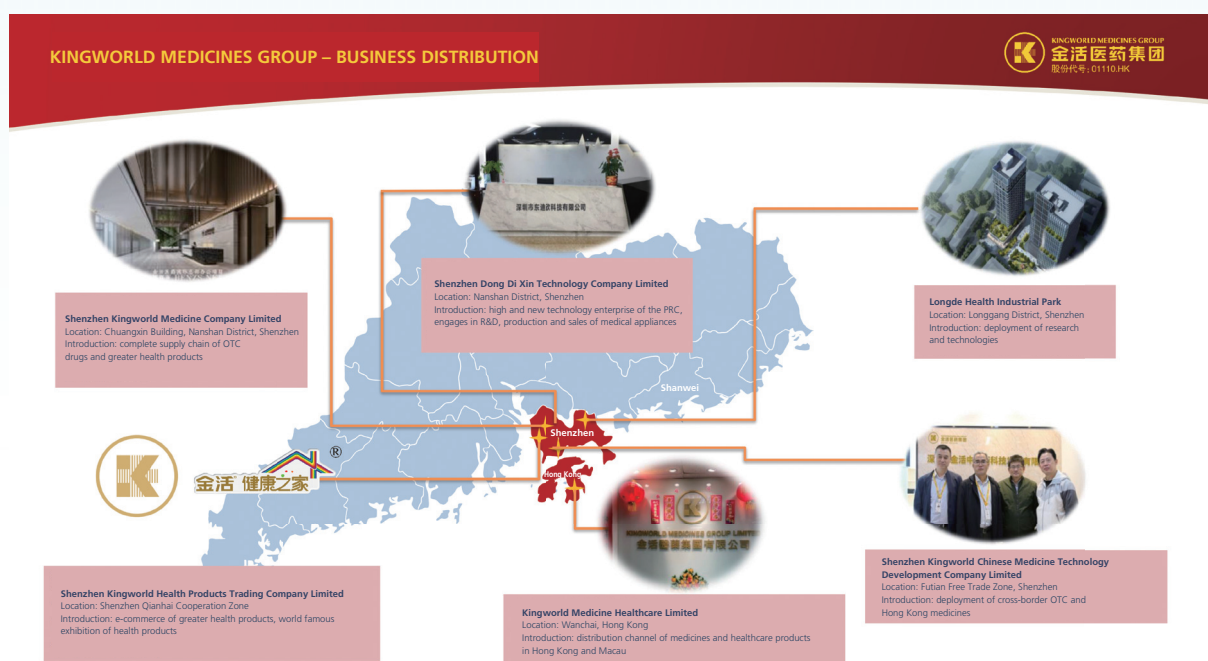
Healthcare products segment: distributing high-quality and well-known healthcare products from overseas, including the Culturelle (康萃樂) probiotics product series, the Lifeline Care maternal and infant fish oil nutrient product series, and product series of medicated oils for external use; and

Medical devices segment: undertaking research and development (“R&D”), manufacturing and selling of medical devices.

Kingworld operates its business with integrity, heart and diligence, and actively gives back the society by embracing its social responsibility. In addition to caring about people’s health, the Group also firmly believes that having an environment, a community and employees all of which are healthy, are equally important.

Profile of the Group

The core belief of Kingworld is “everything is possible through the spirit”. It adheres to its “people-oriented” management philosophy and places emphasis on personnel training. Sustainable development is not only the fruit of past exertion, but is also the foundation on which future development can be achieved. During the Reporting Period, the Group has actively improved the working environment, reinforced the training for its employees, conducted team building and exchange activities, promoted environmental protection measures and corporate governance policies, as well as participated in social and charitable activities to share the fruit of its hard work with the community. In the future, the Group will continue to adhere to its corporate mission to “to serve the community, to benefit the world (效力世人，潤澤蒼生)”, building Kingworld into a well-known agent of famous-brands and high-quality products all over the world continuously providing customers with quality healthcare products and caring for the health of the Chinese people.



A. Environmental Protection

A1. EMISSIONS REDUCTION

The Group is well aware that environmental protection is an important concern worldwide, and people's pursuit of a healthy life has become a trend that cannot be ignored. Therefore, the Group pays special attention to the awareness of environmental protection and actively promotes environmental protection consciousness among its employees in the course of daily operations. The Group has always strictly followed the relevant national laws and regulations on environmental protection and formulated its internal Environmental and Resource Control Procedures, which set forth the detailed specifications and standards that all of our businesses shall comply with, and submitted the procedures to all units within the Group for implementation. During the Reporting Period, the Group has obtained the Pollutant Discharge Permit of Guangdong Province.

As the business of the Group's pharmaceutical and healthcare products segments are primarily agency and distribution, the greenhouse gas emissions from its operations are very remote. However, the Group's medical device segment, Shenzhen Dong Di Xin Technology Company Limited ("**Dong Di Xin**"), produces approximately 3,000 m³ of other types of emissions per hour in production processes such as soldering, reflowing, screen printing and injection moulding. Hence, we have installed appropriate emissions reduction devices and have seen some progress in this direction. Wastewater mainly comes from silk screen processing. Approximately 0.12 tonne of water used in screen washing are discharged every year. We have appointed a qualified organisation to take charge of wastewater recycling and have achieved remarkable results.

Dong Di Xin produced 75.7 tonnes of non-hazardous solid wastes in aggregate, representing an increase of approximately 60% as compared to last year. The increase was mainly due to growth in production capacity in 2020. The non-hazardous solid wastes mainly consisted of waste-cardboard and discarded plastic bags used in packaging for finished products, plastic wastes, such as ABS and PP, and waste component pins, waste solder splash and aluminium chips generated in production processes such as injection moulding, assembling and lathe processing, as well as other types of non-hazardous solid wastes. The Group will collect and sell such non-hazardous wastes to recyclers for recycling of those non-hazardous solid wastes.

In addition, waste dry batteries generated in assembly testing totalled approximately 0.332 tonne during the Reporting Period. As a kind of hazardous waste, the waste dry batteries are all recycled by qualified specialist organisations to ensure appropriate treatment.

A. Environmental Protection

A1. EMISSIONS REDUCTION *(Continued)*

In addition, there are well-established management rules for our staff quarters, which require employees to tidy up their rooms and dispose of their domestic wastes in a timely manner.

The Group will continue to optimise its environmental protection measures and improve environmental efficiency in production procedures to achieve better environmental protection results.

For details of the emissions, please see “Data on Environmental Performance” on page 17 of this report.

A2. RESOURCE UTILISATION

For resource utilisation, the Group upholds the principles of reduction, reuse and recycling and abides by the guideline of using zero pollution and recyclable materials to enhance employees’ awareness of optimal use of resources. The Group has formulated the Environmental and Resources Control Procedures which clearly stipulates and sets up the guidelines on resource utilisation to ensure that employees can make effective use of various resources and treasure precious resources. The Group has no problem in obtaining suitable water sources.

Dong Di Xin consumes about 2.97 million kWh of electricity and about 21,180 tonnes of water in production annually. Moreover, in our production processes, a total of 670 tonnes of plastic materials, such as ABS and PP, tin wires and tin bars and aluminium rods were consumed. A total of 210 tonnes of packaging materials were consumed. Since packaging and plastic materials are essential for production and the volume cannot be reduced. Therefore, to reduce environmental pollution, the Group requires items and materials provided by suppliers to be made of environmentally friendly materials in order to ensure sustainable development of the environment. As our production volume has increased in 2020, the consumption of various resources has also increased.

During the Reporting Period, the Group has proactively implemented the policy concerning the proper use of resources. In order to reduce electricity consumption, air-conditioning temperatures are set at 26 degrees Celsius and employees are required to switch off all idle lights and equipment and set the injection moulding machines to standby mode during mealtime. The Group has also replaced all lights with energy-efficient lighting, with power savings of 67% compared with commonly-used white lights to reduce the discharging of greenhouse gases. As for water conservation, we have greatly reduced unnecessary water consumption and save relevant costs by adjusting water outlet valves and turning off taps when appropriate.

We understand that environmental protection measures can be effectively implemented only through the concerted efforts of all employees. Therefore, our internal guidelines have set out detailed provisions, prohibiting employees from eating in the office and reducing the discharge of domestic wastes and sewages. In addition, signs are prominently displayed in toilets and pantries to remind employees to save water and paper. There are also similar signs at power switches to remind employees to save electricity. The Group has also launched incentive plans to encourage its staff to pay attention to energy conservation in their working environment, thereby achieving the goal of energy conservation through following detailed procedures. Although these measures have benefited a little in energy conservation, they have contributed significantly to enhancing staff’s environmental awareness, and the result is within the Group’s expectations.

A. Environmental Protection

A2. RESOURCE UTILISATION *(Continued)*

Regarding the agency and distribution of healthcare products, the Group has actively expanded its sales channels on the internet and fully leveraged the advantages of e-commerce business to enable both buyers and sellers to conduct business activities through the internet and reduce the frequency of shopping trips, and minimise the use of both human and natural resources. In addition, the Group is gradually promoting and implementing “Paperless Trade”, thereby making a significant contribution to the environment. During the Reporting Period, the Group officially launched the Market Sales Traceability Management system (the “**SMART System**”) equipped with product sales and marketing traceability function. As a data-linked sales management system, the SMART System can thoroughly analyse actual and real-time customers, products, regions and personnel data streams which enables the Group to formulate a more precise marketing strategy to enhance the competitiveness of its operations, while meeting the requirements for traceability and safety monitoring of pharmaceutical products and food in China. By fully leveraging the information technology, the Group has been significantly reducing administrative expenses and increasing paperless trade, thereby boosting its management efficiency.

For details of the resource utilisation, please see “Data on Environmental Performance” on page 17 of this report.

A3. ENVIRONMENT AND NATURAL RESOURCES

While our business does not cause a major impact or risk to the environment or natural resources, the Group has strictly complied with environmental laws and regulations of the People’s Republic of China (“**PRC**”) and Hong Kong and has made relevant policies to minimise any potential adverse effects. To prevent possible non-compliance, clear guidelines have been provided to all management and employees in our Environmental and Resources Control Procedures.

The Group is committed to complying with all applicable local environmental laws and related requirements on the protection of natural resources, and is dedicated to promoting environmental protection among all employees.

B. Social

B1. EMPLOYEE BENEFITS

Our employees is an important asset of the Group. The sustainable profitability, business creativity and growth potential of the Group is attributable to the concerted efforts of all employees. Therefore, the Group has formulated sound policies and systems to safeguard its employees' rights and interests, such as the administrative measures on remuneration and welfare of the Company's employees, and has strictly followed the provisions of relevant local labour laws and labour contract laws including the administrative measures on labour contracts of the Company's employees and the guidelines on administrative measures for employees' re-employment after retirement.

The Group offers competitive employment benefits to attract professionals to join and provide effective services. Apart from determining basic salary with reference to the market rate, we also provide job subsidies, transport and meal allowances, performance bonuses, merit bonuses, year-end double pay, etc. Also, "Annual Awards" are presented to our employees with due recognition based on their performance. The Group provides insurance and housing provident funds, high-temperature allowances for sales staff, an employee parent-child education fund, employee mutual aid payments, and provides ten-year service gold medals, in order to encourage its employees to work proactively and develop their talents.

When there is a need for the Group to add a new position or fill a relevant vacancy, the relevant department must submit a personnel required form to the human resources centre specifying the job responsibilities and requirements for approval by the supervisors. For recruitment procedures, the Group follows the principle of giving priority to internal staff, and recruits the best persons based on fair and open procedures. There is absolutely no bias or discrimination in the recruitment procedures and multiculturalism is welcomed. The Group encourages internal professional mobility among its employees. The human resources centre will publicise vacancies when the need arises, and employees can apply on their own and obtain job rotation or promotion through fair competition procedures. If there is no suitable person within the Group for the vacancy, the human resources centre will conduct an external recruitment exercise. In case of any resignation, employees will have to tender their resignation for approval of department head, the director of human resources centre and the general manager of the Company. After that, such employee and the Company may further proceed the relevant procedures and handover of duties in accordance with the guidelines specified in the employment contract entered into. Meanwhile, employees who are leaving their office are required to complete an interview questionnaire as reference for the Company to have a better understanding on its management and culture from the perspective of such employees and make improvement in this regard.

The Group treats all employees equally and has developed a comprehensive promotion system for them and greater opportunities are made available to employees with outstanding performance in order to maximise the full potential of their talent. Our employee promotion paths mainly include internal position competition, and recommendation by the relevant department heads and the human resources centre. The Group will arrange suitable and exceptional employees to be included in its support talent team for key training. The Group has established a department management team and succession system, and also requires the person in charge of each department to train at least one or two reserve core personnel every year to ensure the sustainable development of its human resources. In addition, the Group has formulated a comprehensive appraisal system, and considers the performance as an important basis for employee promotion, salary adjustment, bonus distribution, year-end appraisal, and equity incentives. As the business becomes more internationalised, the Group will introduce a more diversified workforce to implement the Group's diversified business development and explore a broader market.

B1. EMPLOYEE BENEFITS *(Continued)*

The headquarters of the Group has launched an initiative implementing an eight-hour day, five-day workweek. The working hours of employees stationed abroad are based on the working hours of the headquarters and each employee has at least one day off every week. Employees of the Group are entitled to statutory holidays according to local laws of their serving places, as well as paid casual leave, sick leave, marriage leave, maternity leave, care leave and bereavement leave. To protect the rights and interests of female employees, the Group pays full salary to employees on maternity leave, and breastfeeding employees are entitled to have one-hour break every day. The heads of the departments will also ensure that measures for proper compassion and care of these employees are taken during the maternity and lactation period.

The Group attaches great importance to employees' opinions and has established direct, effective and multiple channels of communication, including an office automation system (OA system), WeChat group, corporate WeChat group, of general manager suggestion box, telephone, mail and regular forum. Management can leverage these channels to conduct brainstorming sessions and improve management efficiency. During the Reporting Period, all communication channels have been functioned smoothly, and the mutual trust has been well-maintained between the management and employees. As at 31 December 2020, the Group had a total of 1,002 employees. The pharmaceutical and healthcare products segment had 362 employees who were mainly responsible for sales, marketing and logistic support and administrative work. Dong Di Xin was responsible for the medical device segment, which engaged in the R&D, manufacturing and production of medical device and had 640 employees.

For details of the employee benefits, please see "Data on Social Performance" on pages from 18 to 19 of this report.

B2. OCCUPATIONAL SAFETY

The Group has attached great importance to the occupational safety of employees and their safety is a top priority. It strictly enforces the national occupational safety regulations and provides appropriate protection for employees in accordance with the Regulations on Work-related Injury Insurance of the PRC. In addition to providing a safe working environment for employees, the Group has established emergency handling procedures for employees in the event of unexpected accidents in working in order to take precautions in advance.

In addition, in terms of the production of Dong Di Xin, as production work involves the operation of heavy machineries and threatens the safety of employees if not properly handled, we have informed employees in detail about the relevant risk factors and conducted rigorous training to ensure employees' competence. Meanwhile, the Group provides relevant occupational safety products and equipment to employees, distributes and prepares guidelines on the equipment operating instructions reviewed by the human resources centre on a regular basis in accordance with national policies to raise awareness of and protection for occupational safety. For certain positions exposed to hazards from occupational illnesses and injuries, apart from the Test on Hazardous Factors of Occupational Diseases carried out for environment of factories, the Group arranges medical checks for employees before taking the office, during the working period and before leaving the office.

Moreover, the Group regularly arranges staff at the headquarters to participate in the fire trainings of the local fire department and the fire drills of the property company every year, and requires the affiliates to conduct similar activities on an annual basis. During the Reporting Period, the Group did not have any industrial accidents. For employees who have business trips frequently, the Group has purchased the travel accident insurance, so that they are fully protected and work with peace of mind.

For details of the occupational safety, please see "Data on Social Performance" on pages from 18 to 19 of this report.

B. Social

B3. DEVELOPMENT AND TRAINING

Talent is the foundation for the success of any enterprise. The Group encourages employees to pursue continuing studies and self-improvement, and works together with the Company to achieve excellence. Towards that end, the Group has developed a comprehensive management system for employee training and professional development. The Kingworld Business School is mainly responsible for related matters. The school will make assessments based on the strategic developments and operational management need of the Company, as well as employee qualifications and structure, thereby formulating plans and budgets for the general manager and vice chairman's approvals and further implementation. A post-training assessment will be performed to monitor employees' learning outcome. The Group has also formulated strict rules for assessment methods and standards to meet its business plan and marketing outlines. Trainings provided to employees consist of relevant examinations or assessments, which are related to their performance and promotion, the average passing rate of which exceeds 90%.

In addition, the Group also provides a staff handbook for its employees, which specifies their terms of reference based on their job responsibilities. New employees are required to participate in the online learning and testing about their knowledge of the Group's structure and operation, business scope, product function introductions, etc. This procedure enables employees to have access to information about the Group and get up to speed professionally. Employees must pass relevant appraisals and tests during the probation periods before they can be considered as formal employees and have a passing rate of 99%. During the Reporting Period, the Group has organised diverse and interactive team building activities including both online and offline, etc., accumulating a total of 76 participants. These exercises facilitate better communication and understanding between various departments, helping building team spirit, improve working efficiency, as well as increase employees' sense of belonging to the Company.

During the Reporting Period, the Group has organized diversified training courses for employees, which mainly included: a sales system performance improvement project, a new employee training programme, the Kingworld talent training project, a knowledge training for Enalapril's products, a documentation management training, procedural system improvement and a training programme for activity write-off. All of the expenses are borne by the Company.

For details of the development and training, please see "Data on Social Performance" on pages from 18 to 19 of this report.

B4. LABOUR STANDARDS

The Group strictly complies with the national laws on the protection of the rights and interests of juveniles. The staff handbook has clearly stated that any person under the age of 18 will not be employed. The Group conducts identity verification for applicants at the time of recruitment and check the validity of identity documents. If an employee under the age of 18 is found to have been employed, he or she is to be dismissed immediately and investigation of the incident would be conducted. If the person in charge of the department violates relevant regulations, he or she would be penalised.

The Group's contracts with employees are entered into based on the relevant provisions of the local labour law and labour contract law, such as the Labour Law of the PRC and the Labour Contract Law of the PRC, negotiated by both parties and protect the rights and interests of management and workers. Employees have the right to refuse any dangerous working arrangement. Forced labour is also prohibited by the Group, and once discovered, the Group will immediately stop related work and conduct follow-up investigations.

B5. SUPPLY CHAIN MANAGEMENT

The Group has strict requirements on the creditworthiness of suppliers and the goods provided, and the guarantee for quality is especially important. Suppliers for the Group's pharmaceutical and healthcare products segment are mainly pharmaceutical companies. Raw materials of medical device segment purchased by Dong Di Xin mainly include electronics products and plastics. The Group has established a comprehensive monitoring system to prevent its suppliers from negatively affecting the environment and society. The Group enters into warranty agreements with its suppliers, in which compliance by both parties is required. Relevant qualifications and compliance on the part of suppliers is periodically checked. Once problems are identified, we will terminate the purchasing and request for the return of products. During the Reporting Period, the Group strengthened the comprehensive quality review of medicine purchasing and through review, it has established an exit mechanism for enterprises with repeated quality problems and a bad reputation to ensure the quality of purchased medicines and the rights and interests of consumers.

For details of the supply chain management, please see "Data on Social Performance" on pages from 18 to 19 of this report.

B6. PRODUCT RESPONSIBILITY

The Group has drawn up accountability policies for the products it distributes and sells, job descriptions for different positions, equipment and facilities management systems as well as health and personnel health management systems. It also follows the relevant laws and regulations concerning product safety, advertising and other aspects, such as the Medicine Management Law of the PRC, Food Safety Law of the PRC and Implementation Rules of the Food Safety Law of the PRC and also Administrative Provisions on Food Labelling as well as the Code of Practice for Quality of Pharmaceuticals.

Our Quality Control Department is responsible for health and safety related to our products as well as the legality of labelling. Our Marketing Department is responsible for advertising promotion and strictly abides by product specifications and governmental regulations. In terms of customer privacy, the Group has established a customer management and security database and set up a specialised department for management so as to regularly monitor the security system of data and privacy matters.

Medicine storage, maintenance and the sales processes are all carried out in accordance with relevant standards or specifications, to ensure the medicines are not deteriorated. Furthermore, all pharmaceutical products are sample-checked by the National Medical Products Administration, self-tested by the manufacturers and checked by a third party. Only after all test procedures are completed and the results found acceptable is a specific approved and finally permitted to be released to the market. The Group has also developed systems for reporting and monitoring adverse responses to pharmaceutical products, managing medicine quality risks, controlling medicine quality, etc. During the Reporting Period, there was no incidents of problems with products.

The Group has always attached importance to safeguarding and protecting our intellectual property rights and has imposed rigorous management in this regard. It has established an internal control system, including the management of trademarks and patents. In addition, the Group enters into a confidentiality agreement with its employees at the time of the signing of their employment contracts, with detailed specifications on the employees' scope, obligations and responsibilities with regards to confidentiality, as well as the relevant cessation-of-employment arrangements.

For details of the product responsibility, please see "Data on Social Performance" on pages from 18 to 19 of this report.

B. Social

B7. ANTI-CORRUPTION

The Group strictly complies with the national anti-corruption laws and , such as the Anti-corruption Law of the PRC and the Anti-Money Laundering Law of the PRC, has actively responded to the government's anti-corruption campaign. Our internal guidelines have clearly stipulated that employees should not engage in any activities that involve conflict of interest, abuse their power to receive gifts from customers, or seek to obtain benefits or information in the name of the Group. The Group has formulated a sound mechanism for declaration of interest and stipulated that commissions, rebates or gifts given by business units as required should be handed over to it. Moreover, subordinates should not give any gifts or red envelopes to supervisors, nor should supervisors accept gifts or red envelopes from subordinates. The audit and supervision centre and the human resources centre are responsible for joint supervision of anti-corruption-related matters. Once violations are found, penalties would be imposed according to the penalty system of the Group.

In addition, the business school of the Group is responsible for education about anti-corruption. Through online trainings and testings based on the contents of the staff handbook, employees are instilled with a set of correct values. Disciplinary actions on employees have been announced to serve as a deterrent to such behaviour. The Group has also established a comprehensive reporting mechanism that requires employees to report suspected incidents to a higher level of management. We follow the principle of fair, impartial, objective and truth-seeking reporting and attach importance to evidence and investigation clues. The Audit and Inspection Department is responsible for relevant follow up procedures and investigation. The Group conducts review periodically so as to continuously improve the relevant system. During the Reporting Period, the employees of the Group were not involved in any corruption trial.

For details of the anti-corruption, please see "Data on Social Performance" on pages from 18 to 19 of this report.

B8. GIVING BACK TO SOCIETY

In fulfilment of its corporate mission, which is to "to serve the community, to benefit the world (效力世人·潤澤蒼生)", the Group has encouraged the embrace of the charitable spirit of "Building a Healthy China" through the Kingworld Care for Health Foundation ("KCHF"). Kingworld has consistently championed different activities to promote public wellness and charitable causes that can benefit all sectors of society. During the Reporting Period, Kingworld, together with KCHF, actively organized a number of community activities and charitable activities, highlights of which are as follows:

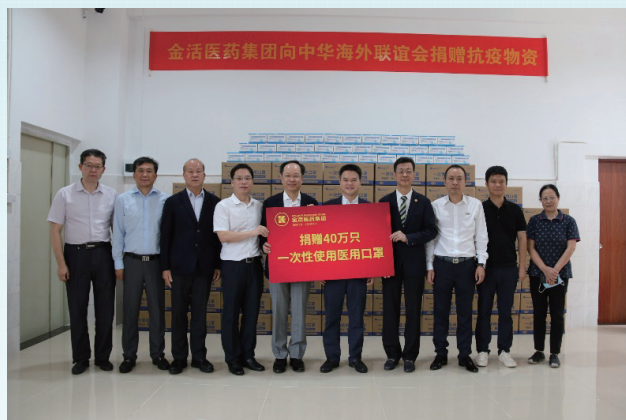
B8. GIVING BACK TO SOCIETY *(Continued)*

At the beginning of 2020, in view of the sudden outbreak of the Pandemic, the Group adhered to the corporate philosophy of “to serve the community, to benefit the world (效力世人·潤澤蒼生)”, actively responding to the government’s appeal, taking up the due responsibilities of pharmaceutical companies, fulfilling social responsibilities, overcoming difficulties, and resuming work and production to work together to help to fight the Pandemic. In order to alleviate the shortage of medical masks in the market, the Group entered into a medical masks distribution agreement with SZ Kingworld Lifeshine, pursuant to which the Group agreed to act as the exclusive distributor for distribution of medical masks produced by SZ Kingworld Lifeshine in the PRC and overseas market. Since then, several millions of disposable medical masks have been donated to domestic and overseas Chinese through institutions such as the China Overseas Friendship Association and the Chinese Temple in Nepal. In view of the outstanding performance of the Group in contributing anti-epidemic funding, there was wide coverage by the “Shenzhen Overseas Chinese News” and other platforms such as the website of the China Overseas Friendship Association and the website of the Shenzhen Political Consultative Conference. These anti-epidemic deeds were included in the “Together we fight the Pandemic: Compilation of Guangdong CPPCC Members Fighting the Pandemic”, edited and organised by the Guangdong CPPCC.

During the Reporting Period, the Group was ranked 28th in Shenzhen’s 2018-2019 Corporate Donation List, and won the Pengcheng Charity Donation Enterprise Bronze Award. At the same time, the income of the Group’s donation fund society was ranked 74th on the list of social organisation donations.

B. Social

B8. GIVING BACK TO SOCIETY (Continued)



C. Honours and Achievements

During the Reporting Period, the Group has achieved the following honours and achievements:

In January 2020, Mr. Zhao Li Sheng, the Chairman of the Board was awarded the honour of “Excellent Member” of the Shenzhen Municipal Committee of the Chinese People’s Political Consultative Conference (CPPCC) in 2019;

In April 2020, the Group successfully passed the review by the Guangdong Food and Drug Administration and obtained the “Medical Device Business License (Class III)”, the “Medical Device Registration Certificate” and the “Medical Device Manufacturing License”;

In May 2020, Mr. Zhao Li Sheng, the Chairman of the Board, was officially appointed as a member of the first session of the Shenzhen Business Environment Optimisation Advisory and Supervisory Committee;

In May 2020, the Group was awarded the “2019 Guangdong Province Contract-abiding and Credit-worthy Enterprise” again by the Guangdong Provincial Administration for Industry and Commerce. So far, Kingworld has won this honorary title for six consecutive years;

In August 2020, Nin Jiom, which the Group act as an agent, was ranked 18th in the 2020 “Healthy Chinese Brand List and Value Ranking”, with a brand value of 4.379 billion yuan. In the same month, Nin Jiom was also shortlisted for the 38th place in the 2019 TOP 100 list of Chinese traditional Chinese medicine companies;

In September 2020, the Group passed the review by the Shenzhen Famous Brand Evaluation Committee and was awarded the title of “Shenzhen Famous Brand” (2020-2022) again;

In September 2020, Jianfu Capsule, a product of the Group, was granted a new patent by the Patent Registry of the Hong Kong Intellectual Property Department: Chinese medicine preparations for the prevention and treatment of infertility;

In September 2020, the Group won the “Pengcheng Charity Award Bronze Award” co-sponsored by the Shenzhen Charity Federation, Shenzhen Newspaper Group, and Shenzhen Radio, Film and Television Group, and was ranked 28th on the list of corporate donations in Shenzhen 2018-2019. At the same time, the income of the Group’s fund donation society was ranked 74th on the list of social organization donations;

In September 2020, Nin Jiom, which the Group act as an agent, won two honors – the honorable list of the “2019-2020 Chinese Family Standing Medicines Listed Brands” and the honorable list of “Golden Cane Honorable List of Chinese Pharmaceutical Companies – O2O Marketing Innovation Case Award”;

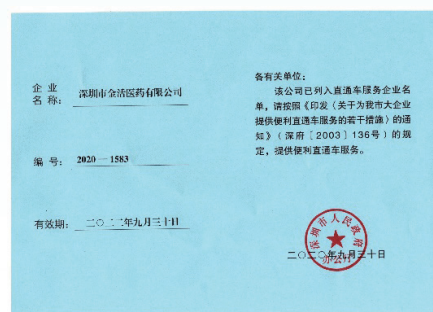
In September 2020, the Group passed the accreditation of the Shenzhen Municipal People’s Government and entered the list of “Shenzhen Thorough Train Companies”. Being a company on this list, the Group can enjoy convenient services and greatly shorten the approval time when dealing with related government departmental matters;

In October 2020, the Group was awarded the “2020 Shenzhen Top 500 Enterprises” in the “2020 Shenzhen Top 500 Enterprises Development Report” compiled by the Shenzhen Enterprise Confederation and Shenzhen Entrepreneurs Association. The Group was ranked 411th and was on the top 500 list for the third consecutive year;

C. Honours and Achievements

In October 2020, the Group was awarded the “Group Industry-University-Research Cooperation Advanced Unit” by Guangdong Food and Drug Vocational College. Ms. Chan Lok San, the executive Director of the Company and Dean of Business School, was awarded the “Group Vocational Education Outstanding Contribution Award”; and

In December 2020, Mr. Zhao Li Sheng, the Chairman of the Board, was successfully selected into the fourth “Shenzhen 100 Industry Leaders” list for his outstanding contributions in the field of imported Chinese patent medicines.



Company Performance and Data

The Group's data on environmental performance and social indicators are as follows:

DATA ON ENVIRONMENTAL PERFORMANCE

Item	HKEX KPI	Unit	2020
Greenhouse gas	A1.2		
Direct emissions (Scope 1) (Note 1)		tCO ₂ e	–
Greenhouse gas reduction (Scope 1)		tCO ₂ e	–
Indirect emissions (Scope 2)		tCO ₂ e	2,485
Other indirect greenhouse gas emissions (Scope 3) (Note 2)		tCO ₂ e	–
Direct and indirect emissions (Scopes 1, 2 and 3)			
– in total (Scopes 1, 2 and 3)		tCO ₂ e	2,485
– in density (Scopes 1, 2 and 3)		tCO ₂ e/RMB10,000 revenue	0.03
Hazardous waste	A1.3		
– in total		tonnes	0.332
– in density		tonnes/RMB10,000 revenue	0.000004
Non-hazardous waste	A1.4		
– in total		tonnes	75.7
– in density		tonnes/RMB10,000 revenue	0.001
Energy consumption	A2.1		
Purchased electricity		kWh	2,970,000
Fuel consumption		kWh	–
– in total		kWh	2,970,000
– in density		kWh/RMB10,000 revenue	39.85
Water consumption	A2.2		
– in total		m ³	21,180
– in density		m ³ /RMB10,000 revenue	0.28
Packaging material	A2.5		
– in total		tonnes	210
– in density		tonnes/RMB10,000 revenue	0.003

Note:

- Given that the Group's operation involved no fuel consumption, the Group did not generate significant amounts of greenhouse gas emission under Scope 1.

Company Performance and Data

- Given the small amount of business travel by the Group's employees, the Group did not generate significant amounts of greenhouse gas emission under Scope 3.
- The data on environmental performance only include the medical device segment, Dong Di Xin, as the company is engaged in the production process, and the business of the pharmaceutical and healthcare products segments are primarily agency and distribution.
- Calculated based on the Group's revenue for 2020 (i.e. RMB745,383,000).

DATA ON SOCIAL PERFORMANCE

Item	HKEX KPI	2020
Employees	B1.1	
Total number of employees		1,002
By gender		
Male		479
Female		523
By type of employment		
Full-time		990
Part-time		12
By category of employees		
Senior management		39
Middle management		113
General and technical staff		850
By age group		
30 and below		632
31–40		220
41–50		114
51 and above		36
By geographical region		
Mainland China		989
Other regions		13
Turnover and Turnover Rate	B1.2	
By gender		
Male		175 (36.5%)
Female		168 (32.1%)
By age group		
30 and below		242 (38.3%)
31–40		65 (29.5%)
41–50		25 (21.9%)
51 and above		11 (30.6%)
By geographical region		
Mainland China		341 (34.5%)
Other regions		2 (15.4%)

Company Performance and Data

Item	HKEX KPI	2020
Health and Safety		
Number and rate of work-related fatalities	B2.1	0 (0%)
Lost days due to work injury	B2.2	0
Development and Training		
Total number and percentage of staff received training	B3.1	
By gender		
Male		381 (47.8%)
Female		416 (52.2%)
By category of employees		
Senior management		12 (1.5%)
Middle management		82 (10.3%)
General and technical staff		703 (88.2%)
Average number of training hours completed per employee	B3.2	
By gender		
Male		19.1
Female		19.3
By category of employees		
Senior management		3.4
Middle management		7.2
General and technical staff		20.8
Number of suppliers by geographical region	B5.1	
Mainland China		132
Other regions		17
Number of suppliers subject to employment practices	B5.2	0
Product Responsibility		
Of the total number of products sold or shipped		
– Percentage subject to recalls for safety and health reasons	B6.1	0
– Number of complaints received in relation to products and services	B6.2	0
Anti-corruption		
Legal cases filed/concluded regarding corruption	B7.1	0

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HKEX KPIS

Aspect	Disclosure	Reference and explanation to disclosure
A. Environment		
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust gas and greenhouse gas emissions, discharge into water and land, and generation of hazardous and non-hazardous waste. Note: Exhaust gas emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulphur hexafluoride. Hazardous wastes are those defined under national regulations.
	KPI A1.1	The types of emissions and respective emissions data. Pages 5 and 6, and Page 17 of Data on Environmental Performance
	KPI A1.2	Total volume of greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). Page 17 of Data on Environmental Performance
	KPI A1.3	Total volume of hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). Page 17 of Data on Environmental Performance
	KPI A1.4	Total volume of non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). Page 17 of Data on Environmental Performance
	KPI A1.5	Description of measures to mitigate emissions and results achieved. Pages 5 and 6
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives, and results achieved. Pages 5 and 6

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Aspect	Disclosure		Reference and explanation to disclosure
A2: Use of Resources	General Disclosure	Policies on effective use of resources, including energy, water and other raw materials.	Pages 6 and 7
		Note: Resources may be used in production, storage, transportation, buildings, and electronic equipment, etc.	
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Page 6, and Page 17 of Data on Environmental Performance
	KPI A2.2	Total water consumption and intensity (e.g. per unit of production volume, per facility).	Page 6, and Page 17 of Data on Environmental Performance
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Pages 6 and 7
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, initiatives to enhance water efficiency, and results achieved.	Pages 6 and 7
A3: The Environment and Natural Resources	KPI A2.5	Total volume of packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Page 17 of Data on Environmental Performance
	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Page 7
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources, and the actions taken to manage them.	Page 7

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Aspect	Disclosure	Reference and explanation to disclosure
B. Society		
Employment and Labour Practices		
B1 : Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, leave entitlement, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. Pages 8 and 9
	KPI B1.1	Total number of employees by gender, type of employment, age group, and geographical region. Page 18 of Data on Social Performance
	KPI B1.2	Employee turnover rate by gender, age group, and geographical region. Page 18 of Data on Social Performance
B2 : Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to provision of a safe working environment, and protecting employees from occupational hazards. Page 9
	KPI B2.1	Number and rate of work-related fatalities. Page 19 of Data on Social Performance
	KPI B2.2	Lost of working days due to work injury. Page 19 of Data on Social Performance
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored. Page 9

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Aspect	Disclosure		Reference and explanation to disclosure
B3 : Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Page 10
		Note: Training refers to vocational training, which may include internal and external courses paid by employer.	
	KPI B3.1	The percentage of employees received training by gender and category of employees (e.g. senior management, and middle management).	Page 19 of Data on Social Performance
	KPI B3.2	The average training hours completed per employee by gender and category of employees.	Page 19 of Data on Social Performance
B4 : Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to prohibition of child and forced labour.	Page 10
	KPI B4.1	Description of measures to review recruitment practices to avoid child and forced labour.	Page 10
	KPI B4.2	Description of steps taken to eliminate such practices once identified.	Page 10
Operating Practices			
B5 : Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Page 11
	KPI B5.1	Number of suppliers by geographical region.	Page 19 of Data on Social Performance
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers subject to relevant practices, how they are implemented and monitored.	Page 11, and Page 19 of Data on Social Performance

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Aspect	Disclosure		Reference and explanation to disclosure
B6 : Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Page 11
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Page 19 of Data on Social Performance
	KPI B6.2	Number of complaints received relating to products and services and how they are dealt with.	Page 19 of Data on Social Performance
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Page 11
	KPI B6.4	Description of quality assurance process and recall procedures.	Page 11
	KPI B6.5	Description of consumers' data protection and privacy policies, and how they are implemented and monitored.	Page 11
B7 : Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Page 12
	KPI B7.1	Number of concluded legal cases on corruption brought against the issuer or its employees during the Year and their outcomes.	Page 19 of Data on Social Performance
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Page 12

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Aspect	Disclosure		Reference and explanation to disclosure
Community			
B8 : Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates, and to ensure its activities taking into consideration the communities' interests.	Pages 12 to 14
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, and sports).	Pages 12 to 14
	KPI B8.2	Resources contributed (e.g. money or time) to the focus areas.	Pages 12 to 14